

# Senate File 2329 - Introduced

SENATE FILE 2329

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SF 2168)

(SUCCESSOR TO SF 2110)

## A BILL FOR

1 An Act relating to the rebate of state sales tax to the owner or  
2 operator of a baseball and softball tournament facility and  
3 movie site.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. FINDINGS. The general assembly finds that a  
2 baseball and softball tournament facility and movie site in  
3 Iowa would result in a substantial economic benefit to the  
4 state and would offer thousands of competitors and visitors the  
5 opportunity to experience and discover Iowa.

6 The general assembly further finds that the development  
7 of the baseball and softball tournament facility and movie  
8 site, including a year-round training facility, would enhance  
9 the economic development of the area through an increase in  
10 tourism.

11 The general assembly further finds that the rebate of state  
12 sales tax collected at the baseball and softball tournament  
13 facility and movie site to assist in the development of such  
14 facility and complex would further tourism and is a public  
15 purpose for which state funds may be used.

16 The general assembly further finds that the rebate of state  
17 sales tax to the baseball and softball tournament facility and  
18 movie site should be considered a program to be used as a means  
19 to increase tourism into the state.

20 Sec. 2. Section 423.2, subsection 11, Code Supplement 2011,  
21 is amended to read as follows:

22 11. a. (1) All revenues arising under the operation of the  
23 provisions of this section shall be deposited into the general  
24 fund of the state.

25 (2) Subsequent to the deposit into the general fund of  
26 the state, the director shall credit an amount equal to the  
27 product of the sales tax rate imposed in this section times  
28 the sales price of the tangible personal property or services  
29 furnished to purchasers at a baseball and softball tournament  
30 facility and movie site meeting the qualifications of section  
31 423.4, subsection 10, into the baseball and softball tournament  
32 facility and movie site sales tax rebate fund created under  
33 section 423.4, subsection 10, paragraph "e". The director  
34 shall credit the moneys beginning the first day of the quarter  
35 following the effective date of this Act. This subparagraph is

1 repealed June 30, 2024, or thirty days following the date on  
 2 which sixteen million five hundred thousand dollars in total  
 3 rebates have been provided under section 423.4, subsection  
 4 10, or thirty days following the date on which rebates cease  
 5 as provided in section 423.4, subsection 10, paragraph "c",  
 6 subparagraph (4), whichever is earliest.

7 b. Subsequent to the deposit into the general fund of the  
 8 state and after the transfer of such pursuant to paragraph "a",  
 9 the department shall do the following in the order prescribed:

10 (1) Transfer the revenues collected under chapter 423B, the  
 11 department shall transfer.

12 (2) Transfer from the remaining revenues the amounts  
 13 required under Article VII, section 10, of the Constitution  
 14 of the State of Iowa to the natural resources and outdoor  
 15 recreation trust fund created in section 461.31, if applicable.

16 (3) Transfer one-sixth of such the remaining revenues to the  
 17 secure an advanced vision for education fund created in section  
 18 423F.2. This paragraph subparagraph (3) is repealed December  
 19 31, 2029.

20 (4) Transfer to the baseball and softball tournament  
 21 facility and movie site sales tax rebate fund that portion of  
 22 the sales tax receipts described in paragraph "a", subparagraph  
 23 (2), remaining after the transfers required under subparagraphs  
 24 (1), (2), and (3) of this paragraph "b". This subparagraph is  
 25 repealed June 30, 2024, or thirty days following the date on  
 26 which sixteen million five hundred thousand dollars in total  
 27 rebates have been provided under section 423.4, subsection  
 28 10, or thirty days following the date on which rebates cease  
 29 as provided in section 423.4, subsection 10, paragraph "c",  
 30 subparagraph (4), whichever is earliest.

31 Sec. 3. Section 423.4, Code Supplement 2011, is amended by  
 32 adding the following new subsection:

33 NEW SUBSECTION. 10. a. For purposes of this subsection:

34 (1) "Baseball and softball tournament facility and movie  
 35 site" means a baseball and softball tournament complex and

1 tourist destination, which facility is located on a maximum of  
 2 two hundred seventy-nine acres, located inside or within three  
 3 miles of the city limits of a city with a population of at least  
 4 four thousand but not more than five thousand five hundred  
 5 residents, which city is located in a county with a population  
 6 of at least ninety-three thousand but not more than one hundred  
 7 thousand residents and where the construction on the baseball  
 8 and softball tournament facility commenced not later than one  
 9 year following the enactment of this Act, and the cost of the  
 10 construction upon completion was at least thirty-eight million  
 11 dollars.

12 (2) "*Change of control*" means any of the following:

13 (a) Any change in the ownership of the original or any  
 14 subsequent legal entity that is the owner or operator of the  
 15 baseball and softball tournament facility and movie site such  
 16 that more than fifty-one percent of the equity interests in the  
 17 legal entity cease to be owned by individuals who are residents  
 18 of Iowa, an Iowa corporation, or combination of both.

19 (b) The original owners of the legal entity that is the  
 20 owner or operator of the baseball and softball tournament  
 21 facility and movie site shall collectively cease to own more  
 22 than fifty percent of the voting equity interests of such legal  
 23 entity or shall otherwise cease to have effective control of  
 24 such legal entity.

25 (3) "*Iowa corporation*" means a corporation incorporated  
 26 under the laws of Iowa where more than fifty-one percent of the  
 27 corporation's equity interests are owned by individuals who are  
 28 residents of Iowa.

29 (4) "*Owner or operator*" means a for-profit legal entity  
 30 where more than fifty-one percent of its equity interests  
 31 are owned by individuals who are residents of Iowa, an Iowa  
 32 corporation, or combination of both and that is the owner or  
 33 operator of a baseball and softball tournament facility and  
 34 movie site and is primarily a promoter of baseball and softball  
 35 tournaments.

1     (5) "*Population*" means the population based upon the 2010  
2 certified federal census.

3     **b.** The owner or operator of a baseball and softball  
4 tournament facility and movie site may apply to the department  
5 for a rebate of sales tax imposed and collected by retailers  
6 upon sales of any goods, wares, merchandise, admission tickets,  
7 or services furnished to purchasers at the baseball and  
8 softball tournament facility and movie site.

9     **c.** The rebate may be obtained only in the following amounts  
10 and manner and only under the following conditions:

11     (1) On forms furnished by the department within the time  
12 period provided by the department by rule, which time period  
13 shall not be longer than quarterly.

14     (2) The owner or operator shall provide information as  
15 deemed necessary by the department.

16     (3) The transactions for which sales tax was collected and  
17 the rebate is sought occurred on or after January 1, 2014,  
18 but before January 1, 2024. However, not more than sixteen  
19 million five hundred thousand dollars in total rebates shall be  
20 provided pursuant to this subsection.

21     (4) Notwithstanding subparagraph (3), the rebate of sales  
22 tax shall cease for transactions occurring on or after the  
23 date of the change of control of the baseball and softball  
24 tournament facility and movie site.

25     **d.** To assist the department in determining the amount  
26 of the rebate, the owner or operator shall identify to the  
27 department retailers located at the baseball and softball  
28 tournament facility and movie site who will be collecting sales  
29 tax. The department shall verify such identity and ensure  
30 that all proper permits have been issued. For purposes of  
31 this subsection, advance ticket and admissions sales shall be  
32 considered occurring at the baseball and softball tournament  
33 facility and movie site regardless of where the transactions  
34 actually occur.

35     **e.** There is established within the state treasury under the

1 control of the department a baseball and softball tournament  
 2 facility and movie site sales tax rebate fund consisting of  
 3 the amount of state sales tax revenues transferred pursuant  
 4 to section 423.2, subsection 11, paragraph "b", subparagraph  
 5 (4). An account is created within the fund for each baseball  
 6 and softball tournament facility and movie site meeting the  
 7 qualifications of this subsection. Moneys in the fund shall  
 8 only be used to provide rebates of state sales tax pursuant  
 9 to this subsection, and only the state sales tax revenues in  
 10 the baseball and softball tournament facility and movie site  
 11 rebate fund are subject to rebate under this subsection. Not  
 12 more than sixteen million five hundred thousand dollars in  
 13 total rebates shall be paid from the fund. Any moneys in the  
 14 fund which represent state sales tax revenue for which the time  
 15 period in paragraph "c" for receiving a rebate has expired,  
 16 or which otherwise represent state sales tax revenue that has  
 17 become ineligible for rebate pursuant to this subsection, shall  
 18 immediately revert to the general fund of this state.

19 *f.* Upon determining that the conditions and requirements  
 20 of this subsection and the department are met, the department  
 21 shall issue a warrant from the applicable account within the  
 22 baseball and softball tournament facility and movie site rebate  
 23 fund to the owner or operator in the amount equal to the amount  
 24 claimed and verified by the department.

25 *g.* This subsection is repealed June 30, 2024, or thirty  
 26 days following the date on which sixteen million five hundred  
 27 thousand dollars in total rebates have been provided, or thirty  
 28 days following the date on which rebates cease as provided in  
 29 paragraph "c", subparagraph (4), whichever is the earliest.

30 EXPLANATION

31 This bill authorizes the department of revenue to rebate  
 32 sales tax collected by retailers on purchases made at a  
 33 baseball and softball tournament facility and movie site. To  
 34 be eligible for the rebate the baseball and softball tournament  
 35 facility and movie site must be located on a maximum of 279

1 acres and located inside or within three miles of the city  
2 limits of a city with a population between 4,000 and 5,500,  
3 which is located in a county with a population between 93,000  
4 and 100,000. In addition, construction on the facility must  
5 commence not later than one year following the enactment of the  
6 bill, and the cost of the construction must be at least \$38  
7 million.

8 The person eligible to receive the rebate is the owner or  
9 operator of the baseball and softball tournament facility and  
10 movie site. The rebate of sales tax only applies to the sales  
11 tax collected on transactions occurring on or after January 1,  
12 2014, and before January 1, 2024, and shall only be paid from  
13 the baseball and softball tournament facility and movie site  
14 sales tax rebate fund created in the bill.

15 The bill creates the baseball and softball tournament  
16 facility and movie site sales tax rebate fund consisting of  
17 the remaining amount of state sales tax revenue collected upon  
18 tangible personal property or services furnished to purchasers  
19 at the baseball and softball tournament facility and movie  
20 site after subtracting the local option sales tax under Code  
21 chapter 423B, the natural resources and outdoor recreation  
22 trust fund transfer pursuant to Article VII, section 10, of the  
23 Constitution of the State of Iowa if applicable, and the secure  
24 an advanced vision for education fund transfer pursuant to Code  
25 section 423F.2. Rebates are paid only from this rebate fund  
26 and are limited to the amounts in the fund. The total amount  
27 that may be rebated from the fund and under the bill is \$16.5  
28 million.

29 The rebate ceases if control of the facility changes. The  
30 rebate provision is repealed June 30, 2024, or 30 days after a  
31 total of \$16.5 million has been rebated, or 30 days following  
32 the change of control causing the rebates to cease, whichever  
33 occurs earlier.